Approved For Release 200 / 22: C5 RIP R150 75A004800020001-6

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DOCUMENT NO.

NO CHANGE IN CLASS.

DEGLASSIFIED

CLASS. CHANGED TO: TS S C

MEXT REVIEW DATE: 1010

ACTH: HR 78-2

DATE: 5 JUN 1980 BEVIEWER:

3 November 1959

Copy No. C 65

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### CENTRAL

## INTELLIGENCE

## BULLETIN



State Department review completed

Approved For Release 200703767 : CA - DD876T60975A004800020001-6

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# Approved For Release 2003/02/27: 3 NOVEMBER 1959 I. THE COMMUNIST BLOC II. ASIA-AFRICA Arab League oil experts call for Arabowned pipeline from Persian Gulf, Arab tanker fleet, boycott of oil firms operating in Algeria. Nepalese prime minister alert to threat from China but says his domestic posi-tion requires for the present a policy of "pragmatic neutralism."

Approved For Release 2003/02/27: CIA-RDP79T00975A004800020001-6

### CENTRAL INTELLIGENCE BULLETIN

3 November 1959

### DAILY BRIEF

I. THE COMMUNIST BLOC

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### II. ASIA-AFRICA

Middle East Oil: Oil specialists from nine of the Arab League's ten member states and delegates from Kuwait, Qatar, and Bahrein have indicated trends in Arab thinking on oil questions during a ten-day meeting which began in Jidda on 26 October. The delegates called for building a pipeline from the Persian Gulf to the Mediterranean, to be owned by the Arab governments involved; establishing an Arab tanker fleet; and boycotting firms operating in Algeria--which includes most of the major oil companies operating in Arab lands. The Saudi delegate advocated converting the oil companies to national companies directed by Arab governments.

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Saudi Arabia's American legal consultant urged producing countries to scrap the 50-50 profit-sharing formula and enact incometax legislation without prior consultation or negotiations.

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The experts' proposals will be voted on at the 11 December meeting of the Arab League's High Economic Council.

Nepal: Prime Minister Koirala in late October assured the American ambassador that he was alert to the threat of Chinese infiltration and subversion in Nepal, but said his domestic position required that he maintain a policy of "pragmatic neutralism" toward Peiping. Koirala explained that he does not consider he can take full control of foreign policy until he has consolidated his personal power and developed a closer understanding with King Mahendra, who he feels is still under the influence of certain pro-Chinese palace advisers. Koirala reiterated his interest in increased American aid and in an

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early visit to the United States. (Page 1)

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### I. THE COMMUNIST BLOC

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### II. ASIA-AFRICA

### Nepalese Prime Minister Reaffirms Neutralist Policy

Prime Minister Koirala reassured the American ambassador in late October that his government is fully aware of the threat to Nepal posed by Communist China and that it is concerned over China's opportunities for subversion and infiltration across the Tibetan frontier. Koirala added, however, that he would have to maintain his present policy of "pragmatic neutralism" toward Peiping and the Sino-Indian border dispute "for the time being." The Nepalese leader explained that until he consolidated his position domestically and developed a closer understanding with King Mahendra he could not exert full control over the country's foreign policy. Koirala, whose government took office on 29 May, believes that the King is still under the influence of certain palace advisers who are sympathetic toward China.

The prime minister said that Chinese Communist propaganda activity in Nepal had been increasing noticeably and that his government attributed this to recent financial support from the Chinese diplomatic mission in New Delhi. Koirala also reported that Soviet officials were making progress in establishing their resident embassy in spite of logistic difficulties. The Soviet ambassador presented his credentials on 29 September, and Soviet technicians are beginning to arrive under Moscow's economic aid program.

The King and government leaders expressed general approval of the American aid program, and Koirala personally restated his desire for further assistance. He is primarily interested in agreement on a currency stabilization project and in procurement of additional aircraft for border surveillance and internal security. In this connection, Koirala hopes to visit the United States some time

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before the current UN General Assembly session concludes. He stressed, however, his conviction that such a visit would be advisable only if he returned with "concrete benefits" with which to impress both the palace and the public with American interest in Nepal.

Koirala probably believes that his own political interests as well as those of his government will be best served by carefully balancing Nepal's relations with Moscow, Peiping, Washington, and New Delhi to gain the maximum benefits from each without antagonizing any one of them.

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Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Director, Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps
The Director, The Joint Staff
Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

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Atomic Energy Commission

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